

**ANALYSIS OF CORPORATE PERFORMANCE MEASUREMENT WITH BALANCE
SCORECARD CONCEPT**

(Case Study of PT. ADIRA INSURANCE)

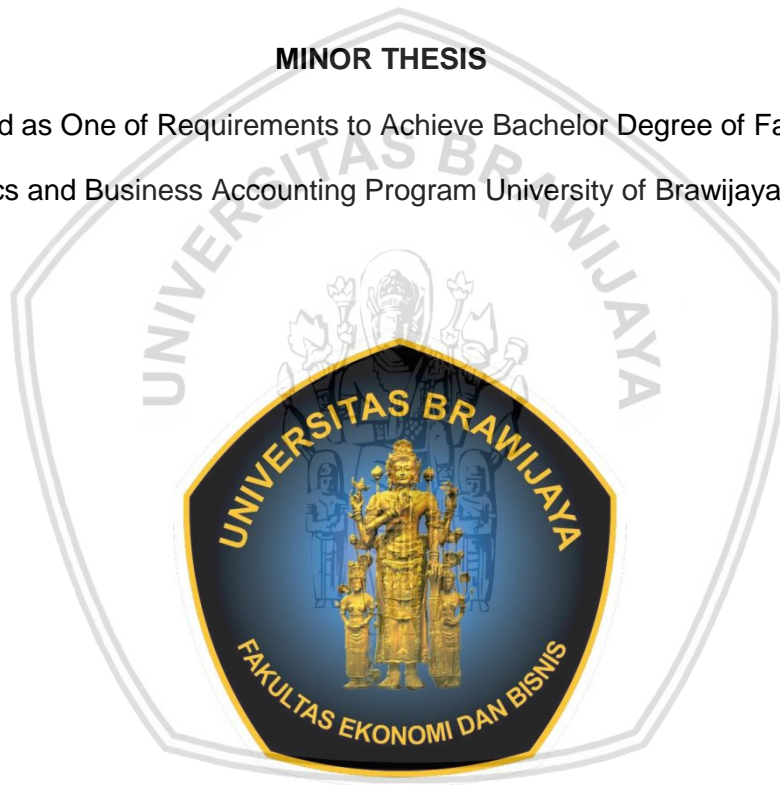
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Analysis Of Corporate Performance Measurement With Balance

Scorecard Concept (Case Study of PT. Adira Insurance)

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This research was conducted to measure company performance of PT. Adira Insurance by using four perspectives from balanced scorecard, namely: financial perspective, customer perspective, internal business process perspective, and learning and growth perspective. This research is conducted by taking data three years, from 2014 until 2016. The research method used by the author in the preparation of this thesis is a descriptive method of analysis is a research method that aims to describe the state of the object under study based on existing facts with how to collect, process, present and analyze various data found. Research approach used by writer is case study. From the result of company performance measurement as a whole show that company performance of PT. Adira insurance is good enough with a total score of 0.55. This is evidence from the four indicators of financial perspective, namely ROA that reaches targets above 1.5%, NPM that fluctuates every year, Current Ratio that does not reach the target below 2x, and BOPO is positive benapat under 83%. From a customer perspective, Customer Retention indicators are declining each year, Customer Acquisition is increasing every year, Customer Satisfaction is fluctuating every year, and Customer Profitability is increasing every year. From an internal business process perspective, the AETR indicator has a positive result as it rises year by year. From learning and growth perspective, Employee Retention indicator has positive result due to decrease every year, while Employee Productivity fluctuates. After implementing balanced scorecard, PT. Adira Insurance is seen to be long-term oriented, the company also knows to make major investments to understand customer needs and identify attractive customer segments for a better future. PT. Adira Insurance should apply balanced scorecard as a measure of company performance in order to obtain comprehensive measurement results from four perspectives so the company can still compete in the globalization market where competition is getting competitive.

Key Word : Financial Perspective, Customet Perspective, Internal and Business Perspective, Learning and Growth Perspective





Analisis Pengukuran Kinerja Perusahaan Dengan Metode Balanced Scorecard (Studi Kasus Pada PT. Asuransi Adira)

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ABSTRAK

Penelitian ini dilakukan untuk mengukur kinerja perusahaan PT. Asuransi Adira dengan menggunakan empat perspektif dari balanced scorecard, yaitu: perspektif keuangan, perspektif pelanggan, perspektif proses internal bisnis, dan perspektif pembelajaran dan pertumbuhan. Penelitian ini dilakukan dengan mengambil data tiga tahun, dari tahun 2014 sampai dengan tahun 2016. Metode penelitian yang digunakan oleh penulis dalam penyusunan skripsi ini adalah metode deskriptif analisis yaitu suatu metode penelitian yang bertujuan untuk menggambarkan keadaan objek yang diteliti berdasarkan fakta-fakta yang ada dengan cara mengumpulkan, mengolah, menyajikan serta menganalisis berbagai data yang ditemukan. Pendekatan penelitian yang digunakan penulis adalah studi kasus. Dari hasil pengukuran kinerja perusahaan secara keseluruhan menunjukkan bahwa kinerja perusahaan PT. Asuransi Adira sudah cukup baik dengan total skor 0,55. Hal ini tampak dari keempat indikator perspektif keuangan yaitu ROA yang mencapai target diatas 1,5% , NPM yang mengalami fluktuatif setiap tahunnya, Current Ratio yang tidak mencapai target di bawah 2x, dan BOPO yang benilai positif berada dibawah 83%. Dari perspektif pelanggan, indikator Customer Retention mengalami penurunan setiap tahunnya, Customer Acquisition mengalami peningkatan setiap tahunnya, Customer Satisfaction mengalami fluktuatif setiap tahunnya, dan Customer Profitability yang meningkat setiap tahunnya. Dari perspektif proses bisnis internal, indikator AETR mempunyai hasil positif karna naik tahun ketahunnya. Dari perspektif pembelajaran dan pertumbuhan, indikator employee retention mempunyai hasil positif dikarenakan turun setiap tahunnya, sedangkan employee productivity mengalami fluktuatif. Setelah mengimplementasikan balancedscorecard, PT. Asuransi Adira dilihat sudah berorientasi pada jangka panjang, perusahaan juga mengetahui harus melakukan investasi utama untuk mengerti kebutuhan pelanggan dan mengidentifikasi segmen pelanggan yang atraktif untuk masa depan perusahaan yang lebih baik. PT. Asuransi Adira sebaiknya menerapkan balanced scorecard sebagai alat ukur kinerja perusahaan agar di peroleh hasil pengukuran yang komprehensif dari keempat perspektif sehingga tetap dapat bersaing di pasar globalisasi dimana persaingan semakin ketat.

Kata Kunci: Perspektif Keuangan, Perspektif Pelanggan, Perspektif Proses Bisnis Internal, Perspektif Pembelajaran dan Pertumbuhan



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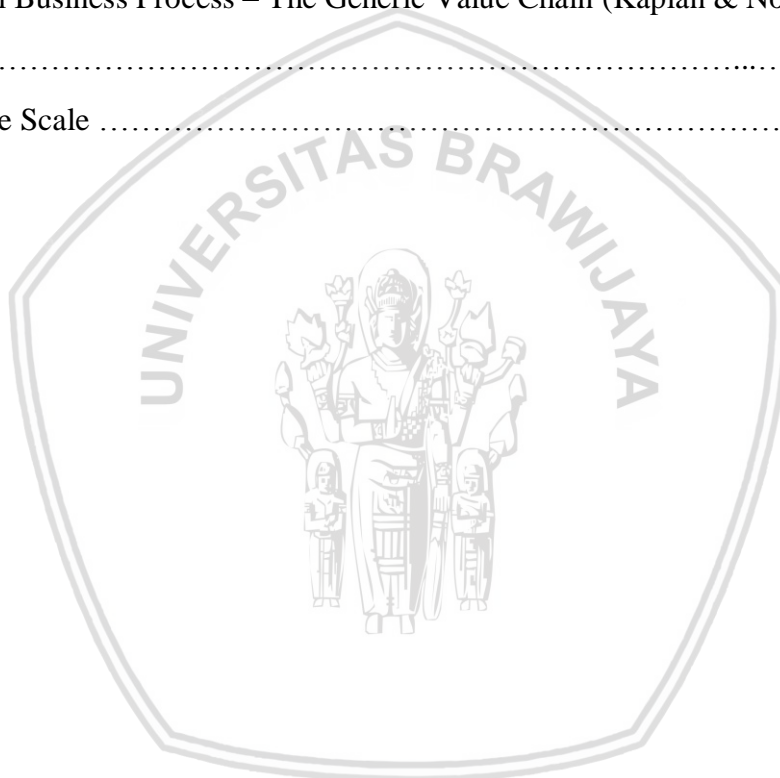
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CHAPTER I

INTRODUCTION

1.1 Research Background

ASEAN Economic Community (AEC) is one of the movements to improve economic integration in ASEAN countries started since end of 2015. By the establishment of AEC 2025, ASEAN is expected to be a highly competitive economic regional and integrated in the global economy. In Indonesia, the impact AEC has been already felt in various industry sectors where the challenges and business competitiveness is more aggressive.

Based on the 2015 data from The Financial Services Authority (OJK), in terms of business types, general insurance still dominated ASEAN insurance industries with the largest proportion that amounted to 63 percent. Indonesia ranks fourth in ASEAN with total assets of the insurance industry in Indonesia in 2015 reached Rp853.42 trillion. This enormous amount is used to minimize the enormous risks involved in running a business as well as a business, therefore insurance becomes an important part of the business industry in Indonesia. Increased growth of insurance assets in Indonesia makes the competition in the insurance sector is increasing, especially one of the largest insurance companies in Indonesia, PT Adira Insurance.

In the face of an increasing competition, PT. Adira Insurance is expected to have a competitive advantage. Competitive advantage of a company may be in the form of reliable resource both in the financial aspect and non-financial aspect (Ributari, 2015). The company that has the competitive advantages must continue

to do the performance evaluation and work improvement as part of the effort to produce the products or services in accordance with the needs of the customer.

Various strategic steps that must be applied in PT. Adira Insurance, should be reviewed well, and correct so that companies can survive and compete in the industry, thus demanding the ability of companies to manage resources effectively and efficiently, especially financial resources. Referring to these conditions, the company desperately needs a very appropriate performance measurement to be applied.

Corporate performance measurement can be done using traditional measurement and Balanced Score Card measurement. The traditional performance measurement methods include return on investment, net present value, internal rate of return, and payback period focused exclusively on financial aspect. Robert S. Kaplan and David P. Norton (2000) argued that the traditional performance faces two serious limitations. First, financial aspect measures past performance and uses the findings to inform future business strategies. Measuring past performance does not take into account current changes in the business environment and risks a firm missing potentially lucrative emerging opportunities. Second, financial measures are periodic performance measures since they are quarterly, semiannual, or annual performance measures. Periodic measures imply that an organization has to wait for a certain period to elapse to evaluate or to develop strategies to improve performance. Since the current business environment (including budgets and their roles) changes from time to time, periodic measures become less effective in evaluating and remedying performance. While the Balanced Scorecard (BSC) is a method that can be used to measure the performance of the company by paying

attention to the financial aspect and non-financial aspect. In addition, Braam and Nijseen (2004) suggested that BSC can lead to performance success or failure depending on how the system is designed, implemented, and used. Improving the balanced evaluation criteria will improve organizational performance. According to Ronay (2014), BSC method is needed to stay in competition and to implement corporate strategy. BSC enables managers to execute organization's strategies and vision successfully.

The Balanced Scorecard could translate the mission and corporate strategy into objectives measurement based on four perspectives: the financial perspective, the customer perspective, the perspective of internal business processes, and learning and growth perspective. In addition, the Balanced Scorecard not only measures the outcome but also ability to learn and improve-the activities that drive future financial performance. The balanced scorecard is one of the most popular approaches developed in the field of performance measurement. Currently, there is a great interest in performance measurement with many companies attempting to implement the balanced scorecard (Khatoon, 2014).

Khan et al (2011) suggested that using appropriate performance measurement will enable company to increase in the number of clients, compare annual income and of annual profit. The result reveals that customer factor is the main factor that affects the performance of the Bumiputera audit firms. According to Grigorudis (2011), the proposed measurement system is able to examine the quality of the provided services, the satisfaction of internal and external customers, the self-improvement system of the organization and the ability of the organization to adapt and change. These results can also help the organization to evaluate and

revise its strategy, and generally to adopt modern management approaches in every day practice.

Based on the background of the problem stated above, the researcher is interested in studying the success of the performance company's using the concept of Balanced Scorecard. Thus, the title of this research is "Analysis of Corporate Performance Measurement Using Balance Scorecard Concept (Case Study of PT. Adira Insurance)".

1.2 Problems Identification

Based on the background above, the research problems in this study are:

1. How does the performance of PT. Adira Insurance in the financial perspective?
2. How does the performance of PT. Adira Insurance in the customer's perspective?
3. How does the performance of PT. Adira Insurance in the internal business process perspective?
4. How does the performance of PT. Adira Insurance in learning and growth perspective?

1.3 The Research Purposes

Based on the formulation of the problem stated previously, the research objective from this paper is to analyze corporate performance measurement of PT. Adira Insurance in implementing the concept of Balanced Scorecard.

1.4 Benefits of the Research

The projected benefits of the research are:

1. Practical Benefits

- a. For the Faculty of Economics and Business Department of Accounting Student, as reference materials for further research and insight development related to Balance Scorecard method.
- b. For the next researcher, as reference material for those who will carry out further research on the measurement of the performance of the Balanced Scorecard concept.
- c. For the author, as reference to broaden and increase the knowledge of corporate performance measurement using Balance Scorecard concept.

2. Theoretical Benefits

The result of this study can be used as the suggestion and evaluation tool for organizational performance of PT. Adira Insurance in implementing the concept of Balanced Scorecard.

CHAPTER II

LITERATURE REVIEW

2.1 Company Performance

2.1.1 Performance Measurement

Performance measurement is generally defined as regular measurement of outcomes and results, which generates reliable data on the effectiveness and efficiency of programs. Performance measurement is ongoing monitoring and reporting of program accomplishments, particularly progress towards pre-established goals. According to Mulyadi (2001), performance measurement is periodical assessment on the effectiveness of organization operational activities based on targets, standards, and criteria previously set. Performance measures may address them type or level of program activities conducted (process), the direct products and services delivered by a program (outputs), and/or the results of those products and services (outcomes).

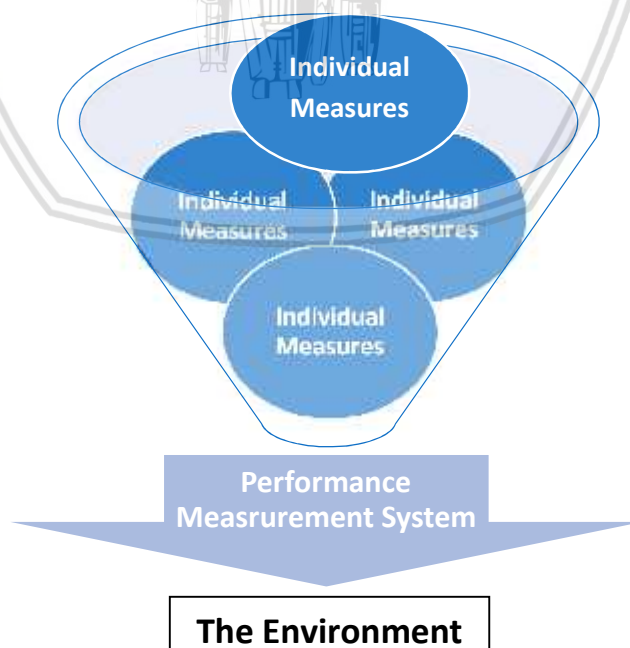
The company performance is a picture of the financial condition of a company analyzed using financial analysis, so that it can be known about the merits of a company financial situation and performance in a particular period. It is very important that resources are used optimally in the face of changes in the environment.

2.1.2 Performance Measurement System

A performance measure (or indicator) is composed of a number and a unit of measure. According to Neely (2005), the level of business performance attains is a function of the efficiency and effectiveness of the actions it undertakes, and thus:

1. Performance measurement can be defined as the process of quantifying the efficiency and effectiveness of action.
2. A performance measure can be defined as a metric used to quantify the efficiency and/or effectiveness of an action.
3. A performance measurement system can be defined as the set of metrics used to quantify both the efficiency and effectiveness of actions.

Figure 2.1. A framework for performance measurement system design



Source: (Kaplan, 1990)

Based on the framework shown in Figure 2.1, a performance measurement system can be examined at three different levels:

1. The individual performance measures.
2. The set of performance measures; the performance measurement system as an entity.
3. The relationship between the performance measurement system and the environment within which it operates.

2.1.3 The Purpose of Performance Measurements

The purpose of performance measurements is basically to know the goal of the company that has been reached and how to improve performance to achieve the goal of the companies that have been assigned. The general purpose of performance measurement are:

1. Providing information about the accomplishment of the implementation of a plan and the point at which the company requires adjustments to planning and control activities.
2. Ensuring the personnel perform the work as expected
3. Knowing the extent to which the company's objectives have been achieved, assessing business achievements, managers, divisions and individuals within the company, as well as to predict future expectations (Yuwono, Sukarno, and Ichsan, 2007)

2.1.4 The Benefits of Performance Measurement

Kaplan and Anthony (2012) stated that the company uses the system performance measurements for presenting many functions, including:

1. Communicating the strategic goals of the company.
2. Motivating employees in their efforts to help companies achieve their strategic goals.
3. Evaluating the performance of the managers, employees and business operations.
4. Helping managers to allocate resources to be more productive and profitable.
5. Providing feedback as to whether the company has improved the process and met the expectations of customers and stakeholders.

2.2 Balance Scorecard

2.2.1 Definition of Balanced Scorecard

The Balanced Scorecard (BSC) provides manager with the instrumentation that they need to navigate to future competitive success. The Balance Scorecard translates an organization's mission and strategy into a comprehensive set performance measures that provides the framework for strategic measurement and management system. The Balance Scorecard retains an emphasis on achieving financial objectives, but also includes the performance drivers of these financial objectives.

The scorecard measures organizational performance across four balances perspectives: financial, customers, internal business processes, and learning and growth. The BSC enables companies to track financial results while simultaneously monitoring progress in building the capabilities and acquiring the intangible assets that they need for future growth (Kaplan, 1996). The collision of the irresistible force to build long-range competitive capabilities and the immovable object of the historical-cost financial accounting model has created a new synthesis: Balance Scorecard (Kaplan, 1996).

2.2.2 The purpose of Balanced Scorecard

Mulyadi (2009) explains the purpose of balanced as follows:

1. To improve Executive performance measurement system only measures the performance of a financial perspective.
2. To balance the business and executive attention to the financial performance and non-financial.
3. To motivate executives in realizing the performance in all four perspectives.
4. To expand the executive performance to non-financial performance, so that the executive performance measure becomes comprehensive.

2.2.3 The Benefits of the Balanced Scorecard

The benefits of the Balanced Scorecard for the company according to Kaplan and Norton (2000) are as follows:

1. Balanced Scorecard integrates company strategy and vision to achieve short and long term goals.
2. Balanced Scorecard allows managers to view businesses in financial and non-financial perspectives (customers, internal business processes, and learning and growth).
3. Balanced Scorecard allows managers to assess what they have invested in human resource development, systems and procedures to improve future corporate performance.

2.2.4 Advantages of Balanced Scorecard

Gunawan (2000) explains the advantages of balanced scorecard including:

- a. Adaptive and responsive to changes in the business environment.
- b. Focus on the purpose of the company.
- c. A set of measurements that provide a business views and comprehensive to top managers.
- d. Notify the consequences of failure.
- e. Minimizing excess information that limit the number of measurements that are used.
- f. Combining measurements of financial and operational growth and on customer satisfaction, internal processes, organizational innovation, and the growth of the organization.
- g. Encouraging managers to see business from four perspective (finance, customers, internal business process and learning and growth).

2.2.5 Weakness of Balanced Scorecard

Balanced scorecard as performance measurement system has several weaknesses. According to Yuwono, Sukarno and Ichsan (2007), the weaknesses are:

1. The main size proposed is not necessarily relevant in all companies. The Balanced scorecards often require adjustments in their application. The Balanced scorecard concept tend to be designed to be applied to company profits, whereas in a non-profit company, cooperatives and Government agencies require adjustments with existing conditions.
2. The company is lack of the courage to make employee turnover, which is most likely to occur in companies that implement balanced scorecards as a result as a result of the primary measure of employee retention in the learning and growth perspective.

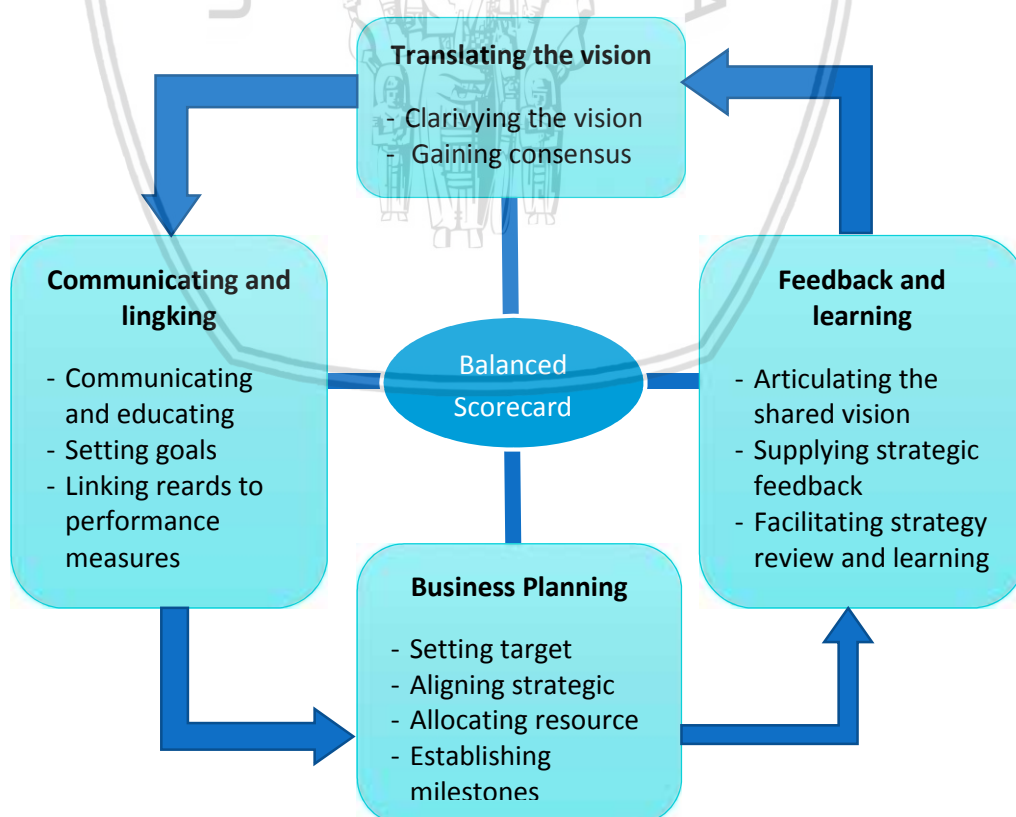
2.2.6 Balanced Scorecard as a Strategic Management System

The balanced scorecard has already evolved from originally only a performance control system, now a strategic management system. Kaplan & Norton (Using the Balanced Scorecard as a Strategic Management System, 1996) and make it as a strategic management system, the balanced scorecard has four management process, namely:

1. Translating the vision: balanced scorecard can translate the vision of the company in the form of strategic goals which are linked to each other with strategy maps.

2. Communicating and Linking: the process of establishing a balanced scorecard involving the operational level is the process of communication corporate strategy to operational level.
3. Business Planning: Balance Scorecard has a framework in the budgeting process to be associated with the strategy.
4. Feedback and learning: Business strategy can be viewed as hypotheses of causal relationships. The hypothesis must be tested, so the feedback occurs whether the strategies formulated produces the desired outcomes or not.

Figure 2.2. Balanced Scorecard as a Strategic Management System

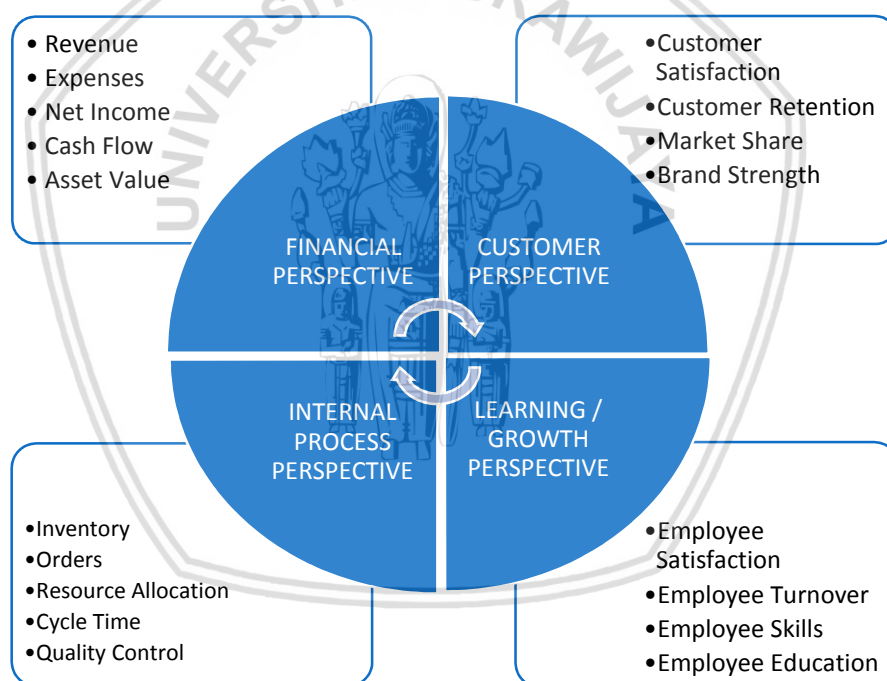


Source: Kaplan & Norton (1996)

2.2.7 Four Perspective of Balanced Scorecard

Kaplan and Norton articulated four perspectives that can guide companies as they translate into actionable items. For each of the perspective, there will be strategic initiatives and plan and measurement to see how the action is being implemented.

Figure 2.3. Balanced Scorecard Perspective



Source: Kaplan (1992)

2.2.7.1 Financial Perspective

Financial perspective concerns in the Balanced Scorecard because the size of the financial consequences of economic overview is results from the economic decisions and actions taken. According to Kaplan (2000), measuring financial performance considers the stages of the business life cycle, namely:

- a. Growth: the early stages of the life cycle of companies where the company has the best growth potential. At this stage, the manager is bound by a commitment to develop a product/service and production facilities, increasing the ability of operation, develop systems, infrastructure, networking, distribution, and global relationships that will support, as well as nurture and grow relationships with customers.
- b. Sustain Stage: The second stage is where companies still make an investment and a rate of return by hinting at best. At this stage, the company tried to maintain the existing market share, even improve it, if it is possible.
- c. Harvest: The third stage is where the company really reaps the harvest of the investment in the previous phase of the stage. There is no longer a major investment, both socially expansion new capabilities, unless the expenses for maintenance and repair of facilities

2.2.7.2 Customer Perspective

The latest management philosophy has shown an increased recognition on the importance of customer focus and customer satisfaction. The poor performance of this perspective will raise the level of community grievances in the future. The

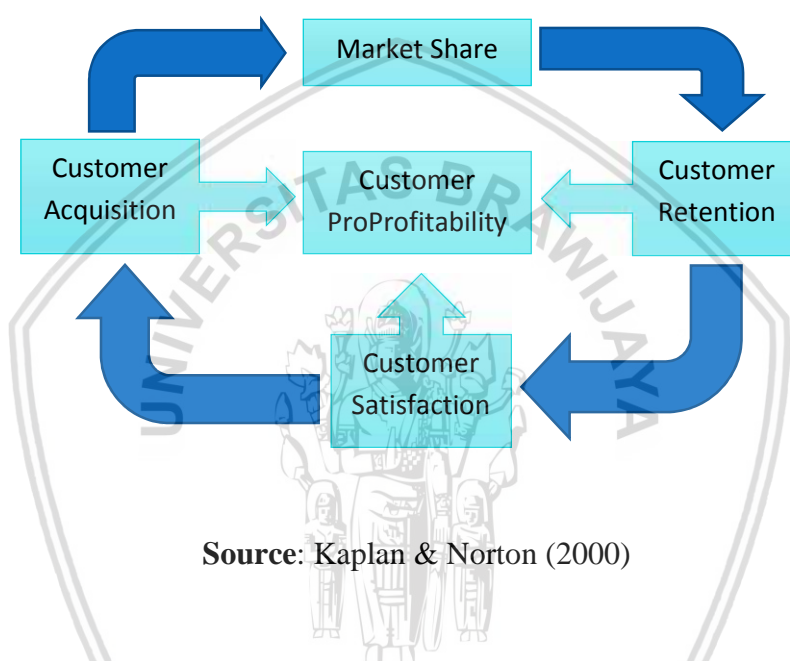
measurement of the consumer perspective is considered important or this perspective is the leading indicators. If consumers are not satisfied then they will search for other manufacturers according to their needs.

Kaplan and Norton (2000) proposed that measure the performance of consumers is divided into two groups:

- a. Customer Core chaired the which has several measurement components, namely: (Kaplan & Norton (2000))
 1. Market Share: measuring market share can be implemented if the market segment already in the set. These measurements reflect almost the entire section on the company's existing markets, which include: the number of customer, number of sales, and the volume of unit sales.
 2. Customer Retention: maintain and increase the market share in the customer segment. In addition to measure customer loyalty through the percentage of business growth with existing customers today.
 3. Customer Acquisition: measure in relative or absolute form, the success of the business unit attracts or wins the customer or the new business. Acquisitions can be measured by the large number of new customers or the number of sales to new customers in the existing segment.
 4. Customer Profitability: assess the degree of satisfaction of certain criteria in the value proposition.

5. Customer Satisfaction: measure the net profit earned from a particular customer or segment after calculating the various expenses that are used to meet the customer's needs.

Figure 2.4. Customers Perspective – Core Measures

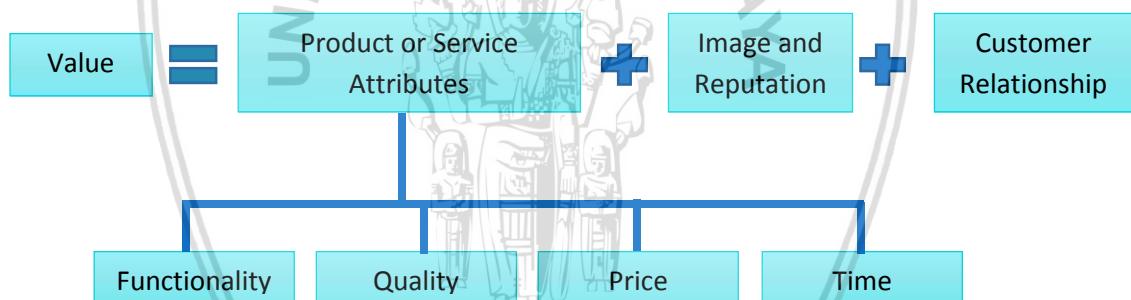


- b. Customer Value Proposition which is the performance trigger found in core value proportion is based on the following attributes:
 1. Product or Service Attributes: the functionality of a product or service, price, and quality. Every customer has different preferences over products on offer of the company. There is an emphasis on function, quality even at low prices from a product. Therefore, the company must be able to identify customer preferences.
 2. Customer Relationship: delivery of products / services to customers that include dimensions of response time and submission, and how

the feelings of customers after buying products / services from the company concerned. Consumers usually consider quick and timely completion of orders as a factor important to their satisfaction.

3. Image and Reputation: to describes the intangible factors that attract customers to a company. As an example, through advertising and quality of products and services provided. It is capable to generate customer loyalty far beyond the various aspects of products or services that materialize.

Figure 2.5. Customers Perspective – Core Value Proposition

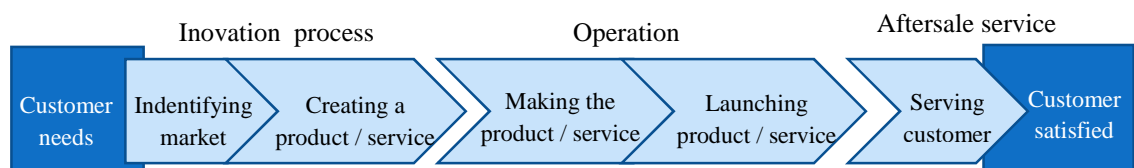


Source: Kaplan & Norton (2000)

2.2.7.3 Internal Business Process Perspective

According Kaplan and Norton (2000) divides internal business processes into:

Figure 2.6. The Internal Business Process – The Generic Value Chain



Source : Kaplan & Norton (1996)

1. Innovation process: innovation factor is the most important part that distinguishes balanced scorecard with traditional achievement tool. The innovative attitude of managers and trying to find a way to conduct more efficient and effective activities for the benefit of the company in the short and long term is one of the positive assessment in measuring its achievement.
2. Operation: the process of delivering products / services to customers. This process focuses on delivering products and services to existing customers efficiently, consistently and on time.
3. After Sales Service: includes warranty from various repair activities, replacement of defective and refunded products and payment processing, such as credit card administration.

2.2.7.4 Learning and Growth Perspective

The fourth perspective in the balanced scorecard develops measurements and objectives to encourage organizations to move and grow, the goal from a learning and growth perspective. It is to provide the infrastructure to support the achievement of three prior perspectives. Kaplan and Norton (2000) explain the following perspectives:

1. Employee: to measures how many employees can qualify to execute a particular strategy compared to anticipating future company needs.
2. Information systems: reliable information systems will be needed in decision making with very tight competition conditions. The ability of

this information system is determined from the level of information availability, the accuracy of the information and the time period required to obtain the information.

3. Organizational Procedure: the procedures undertaken by an organization need to be considered to achieve a reliable performance. Routine procedures and improvements should be straightened out because the perfect employee with abundant information will contribute to the success of the business if they are not given the freedom to make an action decision.

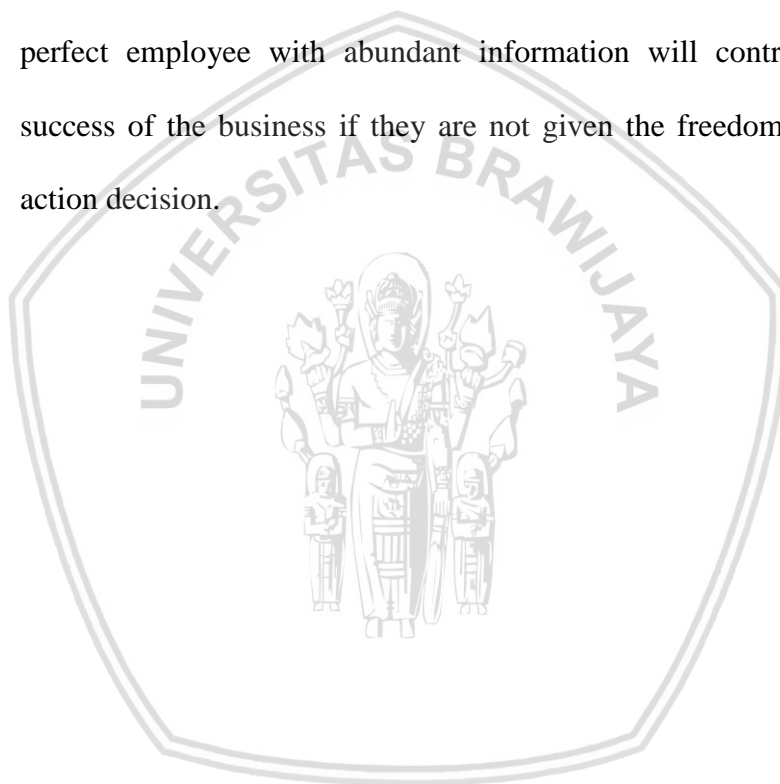


Table 2.1
Formula of Balanced Scorecard

No.	Perspective	Aspect	Formula
1.	Financial Perspective	<ul style="list-style-type: none"> - Profit Margin - Current Ratio - Operating Ratio - Return of Investment 	<ul style="list-style-type: none"> - $\frac{N P}{S} \times 100 \%$ - $\frac{C A}{C L} \times 100 \%$ - $\frac{N S}{S} \times 100 \%$ - $\frac{N P}{S} \times \frac{S}{O A} \times 100 \%$
2.	Customer Perspective	<ul style="list-style-type: none"> - Customer Satisfaction - Market Share - Customer Profitability 	<ul style="list-style-type: none"> - $\frac{T o S}{T S} \times 100 \%$ - $\frac{T S a P U C a S}{T S a P U a G} \times 100 \%$ - $\frac{P}{T M} \times 100 \%$
3.	Internal Business Process Perspective	<ul style="list-style-type: none"> - Innovation - Operating Process 	<ul style="list-style-type: none"> - $\frac{N G}{T E} h r \left(\frac{W U}{T W U} \times 100 \% \right)$ - $\frac{G}{T} (G M - R)$
4.	Learning and Growth Perspective	<ul style="list-style-type: none"> - Employee Productivity - Employee Retention - Employee Satisfaction 	<ul style="list-style-type: none"> - $\frac{G P}{T E} \times 100 \%$ - $\frac{T h e N O E L}{T E} \times 100 \%$ - $\frac{S o E L}{T Q} \times 100 \%$

Source: Kaplan & Norton (1996)

2.4 Previous Study

No.	Author	Title	Research Aims	Method Analysis	Conclusion
1.	Saira Khatoon, Dr. Ayesha Farooq	Balanced Scorecard to Measure Organizational Performance: A Case Based Study. (2014)	The purpose of this study is to study the concept of Balanced Scorecard and its role in organizational performance.	<p>The qualitative research methodology was taken by developing cases on Indian companies.</p> <p>Variables of Research:</p> <ul style="list-style-type: none"> - Financial Perspective - Customer Perspective - Internal Process Perspective - Learning & Growth Perspective 	The analysis covers the approach to implement the Balanced Scorecard. The findings suggest that BSC as a tool is helpful to bring positive results to performance. However, the implementation of a balanced scorecard faces several obstacles. Limitation of the study is that the research findings cannot be generalized due to small sample size.
2.	S. Y.Qin, A. S. Atkins, H. Yu	Balanced Scorecard Approach to Evaluate Business Performance Measurement Using Web Tools in E-Tourism. (2013)	<p>This study selected four tourism organizations to measure their business performance by the Balanced Scorecard</p> <p>(BSC). The Balanced Scorecard (BSC) is discussed and evaluated using e-Tourism case studies for various ICT applications.</p>	<p>Qualitative Analysis</p> <p>Variable of Research:</p> <ul style="list-style-type: none"> - Financial - Customer - Business Performance - Learning and Growth Perspectives 	This analysis evaluates the business performance measurement using a Balanced Scorecard (BSC) approach using four case studies in tourism. Some researchers indicated that some aspects of BSC have been problematic and the model is not flawless particularly in a recession regarding setting matrices and also competition from rival organizations.

3.	Ondrej Zizlavsky	The Balanced Scorecard: Innovative Performance Measurement and Management Control System. (2014)	The purpose of this study is to analyze the present status of innovative activities and their performance measurement as it pertains to the Czech and foreign professional literature and analyze the relationship between innovative activities and performance measurement of a company.	<p>This study is grounded in a theoretical secondary data analysis.</p> <p>Variable of Research:</p> <ul style="list-style-type: none"> - Revenues - Products - Performance 	<p>The measurement of innovative performance was, is and always will be encumbered by a certain inaccuracy associated with the creative nature of this process.</p> <p>The paper is supposed to motivate researchers to conduct more large scale studies in the area of innovative performance measurement systems implementation in different business sector and areas.</p>
4.	Nikos Kartalis, John Velentzas, Georgia Broni	Balance Scorecard and Performance Measurement in a Greek Industry. (2013)	The purpose of this study is to analyze the theoretical and practical approach of strategic Balance scorecard tool and analyzing the advantages and disadvantages, areas that can be applied and the procedures followed in hierarchical order when applied to an industry.	<p>In qualitative methods, including case research, coding represents another tool to support researchers during early analysis. The approach selected for this study is a descriptive case study.</p> <p>Variable of Research:</p> <ul style="list-style-type: none"> - Research and Learning - Internal Jobs - Customers 	The Balance Scorecard method (BSC) can be applied as a performance measurement to an industry in Greece. The four perspectives offers a framework for translating strategic objectives into performance measurements that measure the effects of implemented strategies and provide feedback on the performance of strategic initiatives. According to those surveyed, occupies the image that shows the business and this classifies as a first priority to change the

				- Finance	company's image to the general public.
5.	S.A.C.L. Senarath, S.S.J. Patabendige.	Balance Scorecard: Translating Corporate Plan into Action. A Case Study on University of Kelaniya, Sri Lanka. (2014)	The main objective of this study is to suggest Balanced Scorecard techniques to support the corporate plan preparation and implementation process in the Sri Lankan universities.	<p>The study is an exploratory work and qualitative study that involves analyzing and synthesizing the existing body of knowledge in the area of BSC. This study is conducted using a triangulation method.</p> <p>Variable of Research:</p> <ul style="list-style-type: none"> - Stakeholder Perspective - Internal Process Perspective - Innovation & Learning Perspective - Resources Management 	A modified BSC approach was adopted through this study as the methodology for increasing the effectiveness of the preparation of a balanced corporate plan for UOK and communication of it to the different layers for the Implementation. The modified BSC approach contributes to improve strategic management process of the corporate planning, and can be used as diagnostic model to examine even the efficiency of corporate planning process in other universities, especially in Sri Lanka.



CHAPTER III

RESEARCH METHODOLOGY

3.1 Research Type

This research is descriptive and analytical because this study used descriptive method qualitative approach (Sugiyono, 2008:9):

“The research method is used to examine the condition of the natural object, (as his opponent was an experiment) where the researcher is the key instrument, data collection techniques triangulation (combined), data analysis is inductive, qualitative research and the results further emphasize meaning rather than generalizations.”

Based on the above description, it can be concluded that qualitative descriptive research is a series of activities to obtain data that is what it is without in certain conditions that the result is more emphasize the meaning. The reason of this research using qualitative approach is because in this research the data produced in the form of descriptive data obtained from the data in the form of writings, words and documents derived from sources or informants who researched and can be trusted.

3.2 Research Location

The research location used is PT. Adira Dinamika Insurance located at Graha Adira Jln. MT Haryono Kav. 42, Jakarta. The reason for choosing the location of the research is that the performance measurement used in this company is still traditional, that is only financial perspective measurement. This measurement may create problems as it does not pay attention to non-financial measurements (customers, internal business processes, and employees).

3.3 Sources of Data

3.3.1 Primary Data

Primary data is data originating from original or the source. This data is not available in compiled form or in the form of files. This data should be searched through the resource person or in technical terms of the respondent, i.e. the person studies objects or people directly to obtain information or data (Narimawati 2008; 98).

Primary data research on PT Adira Insurance includes a general overview of the company such as a brief history of the company, the company's vision and mission, objectives, organizational structure, corporate balance sheets and income statements on 2014 – 2016, data about customers and employees production from 2014 to 2016.

3.4 Data Collection Techniques

3.4.1 Observations

Observation is a complex process composed of various biological and psychological processes. The two are among the most important are the processes of observation and memory (Sutrisno and Sugiyono 2013:145). This observation was conducted in December 2016 at PT. Adira Insurance, The data obtained from the supervisor who accompanied me who had prepared it before i came to the company. This observation was done to look for data about a customer's perspective. The data collected through observation was the number of customers in a given period. In addition to the customer's perspective, the observation was also conducted to find data about the internal business process perspective of data

collected including the innovation performed by PT. Adira Insurance and PT. Adira Insurance operation process.

3.4.2 Interview

Interview is a meeting of two people to exchange information and ideas through the facts, so it can be contributed to the meaning in a given topic (Esterberg in Sugiyono 2013:231). The purpose of the interviews was:

- a. To obtain information about vision, mission, and strategy management PT. Adira Insurance.
- b. To obtain information about the process of internal work PT. Adira Insurance.

3.4.2 Documentation

Documentation is a method of collecting data using recording the documents, or records of the company which deals with the study. Documentation used in the processing of financial statements to measure financial performance in the financial perspective that includes profitability ratios and also used in processing customer data sources, product data, and employee data to measure performance on non-financial aspects. Documentation conducted to collect information about the development of PT. Adira Insurance.

3.5 Data Analysis

Data analysis is the process of finding and compiling systematic data obtained from field notes, interviews, and other materials, so it can be easily understood, and findings can be informed to others (Bogdan in Sugiyono, 2013: 244). Data analysis used in this research is descriptive. The variables of this study are the performance

of PT. Adira Insurance assessed using balanced scorecard method, which has four perspectives, namely, the financial perspective, customer perspective, internal business processes, learning and growth perspective. Here are the details of the variables used in this study:

1. Financial Perspective

In measuring the performance of this financial perspective, there are several measures that are used, that is Return on Assets (ROA), Net Profit Margin (NPM), Current Ratio and Operational Expense to Operational Income specified in Decision of Minister of State Owned Enterprises No. KEP-100/MBU/2002.

$$a. \text{ ROA } (ROA) = \frac{NPM}{T \times A} \times 100\%$$

$$b. \text{ NPM } (NPM) = \frac{NPM}{S} \times 100\%$$

$$c. \text{ CR } = \frac{CA}{CL} \times 100\%$$

$$d. \text{ BOI } = \frac{EOI}{POI} \times 100\%$$

2. Customer Perspective

The Customer Perspective usually consists of several major or generic sizes of the company's successes of well-formulated and implemented strategies (Kaplan & Norton 2000: 23). The measurement used is the percentage increase in customer acquisition over the last few years. Measurements include:

$$a. \text{ CR } = \frac{C_n - C_1}{C_1} \times 100\%$$

$$\begin{aligned} \text{b. } C & A = \\ & \frac{C}{C} \frac{O}{O} \frac{y}{y} \frac{n-C}{O} \frac{(n-1)}{y} \times 100\% \\ \text{c. } C & S = \frac{C}{C} \times 100\% \\ \text{d. } C & m P = \frac{P}{T} \times 100\% \end{aligned}$$

3. Internal and Business Process Perspective

Internal Business Process perspective is analyzed using one indicator only:

$$\text{a. } A = \frac{B}{T} \times 100\%$$

4. Learning and Growth Perspective

Learning and Growth perspective is analyzed using three indicators:

$$\begin{aligned} \text{a. } E & R \\ T & L = \frac{J_u}{J_u} \frac{h K}{h R} \frac{K}{K} \frac{P}{P} \frac{h u}{h u} \times 100\% \\ X & = \frac{J_u}{J_u} \frac{h K}{h R} \frac{A}{A} \frac{T}{T} \frac{h u}{h u} + \frac{J_u}{J_u} \frac{h K}{h R} \frac{A}{A} \frac{h u}{h u} \frac{T}{T} \frac{h u}{h u} \\ \text{b. } E & P = \frac{J_u}{J_u} \frac{h P}{h K} \end{aligned}$$

CHAPTER IV

ANALYSIS AND DISCUSSION

4.1 Company Profile

4.1.1 Profile of PT. Adira Insurance

PT. Asuransi Adira Dinamika is also known as Adira Insurance, was established in 2002 as a company licensed to transact general insurance business. The company is based in Jakarta, Indonesia. As of July 9, 2009, PT Asuransi Adira Dinamika operates as a subsidiary of PT. Bank Danamon Indonesia tbk. PT. Adira Insurance offers automobile and general insurance products and services. Supported by highly experienced professionals with the necessary expertise to provide innovative products and features, combined with high service standards for customer satisfaction, have enabled the Company to grow rapidly to become one of the leading general insurance companies in Indonesia. Its growth in line with prudent risk management and controls has established it as a reliable insurance company which provides security and stability for its customers.

PT. Adira Insurance is one of the leading general insurance product and service providers in Indonesia. After its success in establishing its branded car insurance product known as Autocillin, launched in September 2003, it then followed with a motorcycle insurance product called Motopro, currently PT. Adira Insurance is also recognised for other leading insurance products including property, accident and health, heavy equipment, marine hull, engineering and many others.

PT. Adira Insurance's strong balance sheet coupled with its inherent risk management controls and significant new business opportunities means that it is

now well positioned to grow strongly nowadays and in the years ahead. PT. Adira Insurance provides full accessibility for its customers and the public, with the support its employees and with its 24-hour call centre, website and more than 50 Outlets throughout Indonesia.

4.1.2 Vision and Mission of PT. Adira Insurance

a. Vision

“To be the Insurer Choice”

b. Mission

- To Our Customers:

Efficiently deliver peace of mind in an unprecedented way.

- To Our Shareholders

Provide best returns with prudent risk management

- To Our Employees

Provide opportunities for growth and advancement.

- To the Community

Prosper with the nation.

4.1.3. Award of PT. Adira Insurance

As a developed company. PT. Adira Insurance has achieved many accomplishments, for example in 2016 are:

1. Adira Insurance received the best general insurance 2016 award for the category of equity above Rp1.5 Trillion, awarded by *Media Asuransi* Magazine at the Insurance Award 2016 event.

2. Adira Insurance obtained the Very Good rating for the category of general insurance with Gross premium of Above Rp1 Trillion, from *Infobank Magazine* at the *Infobank Insurance Awards 2016* event.
3. Adira Insurance Sharia won the Indonesia's Best Corporate Social Initiatives 2016 award for the category of Corporate Philanthropy from *MIX Magazine* with *MIXINTERACTIVE Corporate Activities Management*.
4. Adira Insurance won the Top Insurance 2016 award for the category of Top General Insurance 2016 with Assets between Rp2.5 – 5 Trillion, at the Top Infrastructure Awards 2016 from *Business News Indonesia Magazine*.
5. Adira Insurance won the Sustainable Finance Award 2016 for Non-Bank Financial Industry – Insurance Companies category, awarded by the Financial Services Authority.

4.1.4 Insurance Industry Conditions

In 2016, Indonesian economy was still relatively robust compared to the global economy. Another important factor that directly influenced the insurance industry in 2016 was the implementation of insurance tariffs for property and motor vehicles by the Financial Services Authority (Otoritas Jasa Keuangan/OJK). This policy did not only influence the portfolio management of these two insurance products, but also impacted the business models of multi-finance companies as well as banks.

Adira respond to the opportunities and challenges have been good by establishing a new corporate business directorate:

1. The Company restructured its organisation by establishing a new corporate business directorate. This step was undertaken so that it can be more focused on products that are sold to Institutional Customers.
2. The company consistently follows the tariffs and conditions set by the OJK as evidence of its commitment to Good Corporate Governance (GCG).

4.1.5 Organization Structure PT. Adira Insurance

Organizational structure at PT. Adira Insurance during period 2014-2016 is illustrated below:

Table 4.1

Board of Commisioners at PT. Adira Insurance

Name	Position
Manggi Taruna Habir	President Commissioner
Willy Suwandi Dharma	Commissioner
Suhandoko Tjondromuljo	Independent Commissioner
Julian Noor	Independent Commissioner

Source: Primary Data, 2016

Table 4.2

Board of Sharia Supervisory at PT. Adira Insurance

Name	Position
Prof. Dr. KH. M. Amin Suma, SH, MA, MM	Chairman
Drs. H. Amidhan	Member
DR. H. Rahmat Hidayat, SE, MT	Member

Source: Primary Data, 2016

Table 4.3**Chiefs at PT. Adira Insurance**

Name	Position
Indra Baruna	Chief Executive Officer
Auralusia Rimadiana	Chief Sales and Distribution Officer
Wayan Pariama	Chief Marketing Officer – Commercial and Corporate Business
Meryati Bandjarnahor	Chief Risk Officer
Meliani Setiawan	Chief Finance and Strategic Officer
Dedi Nathan	Chief Marketing Officer – Accident and Health Insurance
Rismauli Silaban	Chief Underwriting Officer
Donni Gandamana	Chief Operating and Information Technology Officer

Source: Primary Data, 2016**Table 4.4****Division Heads at PT. Adira Insurance**

Name	Position
Tieneke Syah	Audit
Bimo Kustoro	Sharia
Arif Cahyana	Commercial Business I
Harmen	Commercial Business II
Tomy Ferdiasah	Consumer Business (Non Group)
Paulus Agus Suguh Cahyana	Consumer Business (Group)
P.Andika Pamungkas	Accident and Health Insurance Business
Eka Widiastuty	Accident and Health Insurance Business Development
Mariana	Health Operation
Andrianus Suprastio	Operation Centre Service and Claim
Adri Permana	Operation Centre Policy and Billing
Tanny Megah Lestari	Business Development
Susanto Halim	Consumer Underwriting
Fauzan Arfianto	Commercial Underwriting
Hardi Mudita Chandra S.	Broking Underwriting and Reinsurance
Immanuel Cahyo Rahmanto	Claim
Maria Indahwati Gunawan	Technical Operation
Cenny Haryana Tambunan	Finance and Accounting
Hardianto Wirawan	Corporate Strategic Planning
Tjandara Irawan	Investment
Bedy Kunady	Information Technology
Sarah Yohana	Human Resources

Source: Primary Data, 2016

4.2 Products of PT. Adira Insurance

4.2.1 Motor Vehicle Insurance

Adira Insurance's flagship product. The company currently manages more than five hundred thousand cars and have experience over fifteen years in fulfilling customers' needs. The Autocillin package has been extended include third-party liability, personal accident including medical expenses, riot, terrorism and sabotage, flood and earthquake. In addition, there is also rental cost coverage if your car is completely destroyed, as well as other facilities. To add a sense of comfort in driving, this product has several features:

1. Autocillin Rescue: For example, this team will provide emergency road assistance if you encounter battery problems, run out of gas or have your key locked inside the car. (Contact the 24-hour Adira Care call centre, 1500 456).
2. Autocillin Mobile Claim Application: Contact and fill your claim easily, wherever and whenever you need to do it. Download the Application from Google Play Store or App Store.
3. Autocillin Mobile Service: offers an information on insucare coverage, premium rates and vehicles can be resurveyed if and when required.
4. Autocillin Garage: provide genuine spare parts; warranty for all repair works. More than one hundred and sixty partners available in Indonesia.
5. Engine Protection: Get protection for your car engine at rajamobkas.com website and online marketplace partners of Adira Insurance.

6. Motorpro: provide loss protection and total damage (more than 75% damage) and 24 hours protection with personal coverage for accident at home, workplace, on the road

4.2.2 Personal Accident and Health Insurance

This covers an insured person in the events of an accident causing death or permanent disablement. Health insurance can also be provided for inpatient and outpatients costs. It also covers medical expenses, including maternity expenses and others as follows:

1. Travellin: cover losses from personal accident, travel delay or cancellation, loss of luggage, loss of travel documents and when you are travelling, either domestically or internationally with cashless feature. Travellin is also available in the Sharia version
2. Proteku: provides compensation for damage due to fire damage at home or if your vehicle is stolen
3. Hospital Cash Plan Benefit: provides compensation for your inpatient treatment (room, surgery, ambulance, etc.). Since this compensation benefit, customers can have a double claim with any other health insurance.
4. Dengue Fever and Typhoid Insurance: provide compensation when you are being treated as an inpatient in hospital or clinic.
5. Astindo: provides coverage for Indonesian Workers (TKI) abroad including medical expenses, repatriation costs, comprehensively before, during, and after working abroad.

4.2.3 Class of Business Property (Home Insurance)

This insurance provide coverage in accordance with PSAKIS's provisions, and is extendable to cover theft or burglary, flood, terrorism, riot, vandalism, personal accident, water damage or other natural disaster.

4.2.4 Miscellaneous Insurance (Furniture and Electronic Insurance)

Adira Insurance also provide various household insurance.

4.3 Balanced Score Card of PT. Adira Insurance

A Balanced scorecard will help the management of PT. Adira Insurance to achieve its long term strategy with corresponding objectives and measures. The Balanced Scorecard helps the management to evaluate the company from the four key perspectives.

4.3.1 Financial Perspective

In measuring the performance of perspective financial, several measures used are Return On Assets (ROA), Net Profit Margin (NPM), Current Ratio and Operational Expenses to Operating Income (BOPO). The basis of the use of this financial analysis is based on PT. Adira Insurance annual report data.

a. Return on Asset (ROA)

This ratio measures the company's effectiveness in utilizing its resources. The calculation is done by comparing the net profit (net income) with total assets (assets / property).

Table 4.5 Ratio Return on Asset PT. Adira Insurance
(2014-2016)

Year	Net Profit Before Tax	Total Asset	Return on Asset (ROA)
2014	499.055.000.000	4.634.693.000	10,77 %
2015	542.487.000.000	4.902.941.000	11,06 %
2016	531.903.000.000	4.949.760.000	10,75 %

Source: Internal data of PT. Adira Insurance that has been processed by researcher, 2016.

The higher percentage of ROA indicates that the company's performance is getting better. In the results of ROA measurement at PT. Adira Insurance from 2014 to 2016 shows an increase in 2015 and decline in 2016.

From table 4.5, in 2014, profit before taxes owned by PT. Adira Insurance was Rp 499,055,000,000 with total assets of Rp 4,634,693,000, so the value of ROA achieved was 10,77 or 10%. In 2015, net profit after tax was Rp 542,487,000,000 with total assets of Rp 4,902,941,000, so the value of ROA achieved by the company in 2015 amounted at 11.06 or 11%. In 2016, net profit after tax was Rp 531.903.000.000 with total assets at Rp 4,949,760,000, so the value of ROA achieved by the company in 2016 was 10.74 or 10%.

From the above calculation, it can be seen that ROA achieved by PT. Adira Insurance increased by 2.9% in 2015, and decreased of 3.1% in 2016. This indicates that the company's ability to profit from total assets is fluctuating, which increased by 2015 and declined by 2016. The increase in 2015 was due to increased sales, so net income also increased. The decline in 2016 was due to a decrease in net profit as a result of increased HPP and operating expenses.

b. Profit Margin on Sales (PMoS)

This ratio is the company's ability to generate net income in every rupiah sales. Calculation by comparing net income after tax with sale.

Table 4.6 Profit Margin on Sales PT. Adira Insurance
(2014-2016)

Year	Net Profit After Tax	Sales	Profit Margin on Sales
2014	390.362.000.000	1.941.103.000	20,11 %
2015	426.087.000.000	2.175.891.000	19,58 %
2016	431.994.000.000	2.173.569.000	19,87 %

Source: Internal data of PT. Adira Insurance that has been processed by researcher,2016.

The ratio of Profit Margin on Sales can illustrate the success of a company's operations. The higher the percentage of PMoS indicates that the company's performance is good. In the PMoS measurement results of PT.Adira Insurance from 2014 to 2016, it can be seen that the highest PMoS value was in 2014.

Based on table 4.6, in 2014, net income of PT. Adira Insurance was Rp 390.362.000.000 with operating income of Rp 1,941,103,000 so that the value of PMoS was 20.11 or 20%. In 2015, the company's net profit was Rp 426,087,000,000 with operating income of Rp 2,175,891 billion, so the value of PMoS achieved by the company was 19.58 or 19%. In 2016, the company's net profit was Rp. 431,994,000,000, with operating income of Rp 2,173,569,000, so the value of PMoS achieved by the company was 19,87 or 19%.

From the above calculation, it can be seen that the level of PMoS PT. Adira Insurance fluctuated, i.e. a decrease of 0.53% (from 20.11% in 2014 to 19.58% in 2015). The increase of 0.29% (from 19.58% in 2015 to 19.87% in 2016). So the value of PMoS which is one of the company's performance indicators can show the condition of the company that is less stable because of the fluctuating changes. It can provide an assessment that the company has not been able to suppress the burdens existed for optimal profit achievement. In other words, cost efficiency in the effort to achieve optimal profit cannot be done well.

c. Current Ratio

This ratio is the ability of the company to fulfill its short-term obligations in order to finance its operations and debt repayments due. Analysis is done by comparing current assets and current debt

**Table 4.7 Current Ratio PT. Adira Insurance
(2014-2016)**

Year	Current Asset	Current Liability	Current Ratio	Percentage
2014	4.634.693.000	3.310.630.000	1,39 x	139 %
2015	4.902.941.000	3.290.270.000	1,49 x	149 %
2016	4.949.760.000	3.058.477.000	1,61 x	161 %

Source: Internal data of PT. Adira Insurance that has been processed by researcher, 2016.

From table 4.7, in 2014, current assets of PT. Adira Insurance was Rp 4,634,693,000 with current debt at Rp 3,310,630,000 so that the value of Current Ratio achieved was 1.39 x or 139%. In 2015, the company current assets was amounted to Rp 4,902,94,000 with current debt of Rp

3,290,270,000, so that the Current Ratio achieved by the company was 1.49 x or 149%. In 2016, the company current assets was Rp. 4,949,760,000, with current debt of Rp 3,058,477,000, so that the value of Current Ratio achieved by the company was 1.61 x or 161%.

Based on the results, the ability to meet the short-term liabilities used to finance the operation and repayment of debts maturing at PT. Adira Insurance increased in 2015 and 2016. This increase was due to the decrease of third party's other debt, accrued expenses, and finance lease liabilities, which made the company current debt decrease and its balance with current assets of the company increased. This ratio shows the level of ability of current assets of PT. Adira Insurance in fulfilling its short-term liabilities of 1.50 times (average of the last three years). This means that the company can meet its current liabilities with a current asset of 150%.

d. BOPO (Operating Revenue Operating Cost)

This ratio shows the amount of costs incurred to earn some revenue. The analysis is done by comparing operating costs with operating income.

Table 4.8 BOPO PT. Adira Insurance

(2014-2016)

Year	Operational Expenses	Sales Operations	BOPO
2014	1.550.741	1.954.220	0,79
2015	1.749.804	2.175.891.	0,80
2016	1.741.575	2.173.569	0,80

Source: Internal data of PT. Adira Insurance that has been processed by researcher,2016.

From table 4.8, in 2014, the operational expenses of PT. Adira Insurance was Rp 1,550,741 billion with operational sales at Rp 1,954,220 billion so that the value of BOPO was 0.793. In 2015, the company operating expenses was amounted to Rp 1,749,804 billion with an operational sales at Rp 2,175,891 billion, resulting in a BOPO of 0.804. In 2016, the company operating costs was Rp. 1,741,575 billion, with operational sales of Rp 2,173,569 billion, resulting in the value of BOPO achieved by the company was amounted to 0.801.

Based on the above results, the ability of the cost incurred PT. Adira Insurance to earn some income showing the company performance tends to increase. The ratio of BOPO companies were in the range of 79% to 80%. In 2015, it can be seen that BOPO ratio was the highest that was equal to 0,804. In other words, every Rp 1 of income earned requires Rp 0.804 cost to be incurred. This shows that the company can be more efficient in carrying out the company's operational activities. Operational cost reduction strategies are needed in the years to reduce the value of BOPO. The lower the BOPO ratio means the more efficient the company is in controlling its operational costs, with the cost efficiency, the profits will be greater.

4.3.2 Customer Perspective

The customer is the source that will become the component of the company financial goal. Measures from a customer perspective include customer retention, customer acquisition, customer satisfaction and customer profitability. Measurement of each indicator on customer perspective as follows:

a. Customer Retention

Customer retention can be measured by the level of a business unit maintaining or maintaining a sustainable relationship with customers. The size of customer retention can be determined by counting how many companies successfully retain customers and increase subscriber numbers. The calculations are as follows:

**Table 4.9 Customer Retention PT. Adira Insurance
(2014-2016)**

Year	Number of Customers	Customer Retention (%)
2014	37.434	98,86 %
2015	36.022	96,23 %
2016	30.288	84,08 %

Source: Internal data of PT. Adira Insurance that has been processed by researcher, 2016.

Based on Table 4.9, it shows that customer retention decreases from year to year. In 2014, the number of customers owned by PT. Adira Insurance was 37,434 people with the value of Customer Retention achieved was 98.8%. In 2015, the number of customers was 36,022 people with a value of Customer Retention reaching 96.2%. From 2014 to 2015, it decreased by 2.6% from 98.8% to 96.2%. It means that the performance of the company PT. Adira Insurance to retain its old customers is not good because it is unable to keep its old customers for back transactions. Similarly in 2016, the number also decreased, the number of customers owned was 30,288 people with a value of Customer Retention at 84.1%. Company PT. Adira Insurance performance can be said to work poorly in maintaining old

customers, this is indicated by the amount of retention in 2016 which decreased again by 12.1% from 96.2% to 84.1%.

The old customer must be considered in the transaction, because the reduction of the old customers will also reduce customer confidence in the company.

b. Customer Acquisition

Customer acquisition can be measured by calculating the number of new customers or the number of sales service products to new customers in the existing segment. The higher the customer, the customer acquisition will be better. Acquisition of customers at PT. Adira Insurance is seen from the comparison of the number of customers in the current year with the previous year. The calculations are as follows:

**Table 4.10 Customer Acquisition PT. Adira Insurance
(2014-2016)**

Year	Number of New Customer	Customer Acquisition (%)
2014	1.010	0,27 %
2015	1.358	3,77 %
2016	4.821	15,92 %

Source: Internal data of PT. Adira Insurance that has been processed by researcher,2016

Table 4.10 is the result of the calculation on customer acquisition of PT.Adira Insurance from 2014 until 2016. The ratio of Customer Acquisition percentage were 0.27% in 2014, 3.77% in 2015 and 15.92%. in 2016. In 2014 to 2015 the number increased by 3.5% and from 2015 to 2016

increased by 12.15%. These results show that Customer Acquisition is increasing year by year. This indicates that PT. Adira Insurance can attract a lot of new customers for each year.

The number of new customers will also make the company widely known by the public. In addition, the number of new customers will also make the company in getting revenue increase each year. Conditions such as this should be maintained and enhanced in order to avoid a decline in the revenue. New customers will support the company in doing business, without the customer, company will not be able to perform the process of operation because customers have an important influence on corporate survival.

c. Customer Satisfaction

Customer satisfaction can be known by looking at the number of complaints from customers. The higher the number of complaint of the customer, the lower the satisfaction of the employee. Number of complaint indicates the amount of customer complaints caused by products or services that do not meet customer expectations. The analysis is as follows:

**Table 4.11 Customer Satisfaction PT. Adira Insurance
(2014-2016)**

Year	Number of Customer	Total of Claim	NOC (%)
2014	37.434	13,509	36,08 %
2015	36.022	11,595	32,18 %
2016	30.288	9,925	32,76 %

Source: Internal data of PT. Adira Insurance that has been processed by researcher, 2016.

Table 4.11 is the result of Customer Satisfaction calculations of PT.Adia Insurance from 2014 to 2016. In 2014, the ratio of Customer Satisfaction percentage was 36.08%, 32.18% in 2015 and 32.76% in 2016. From 2014 to 2015, this ratios decreased by 3.9% and in 2015 to 2016 increased by 0.58%.

Customers who complain at PT.Adira Insurance company from 2014 to 2016 on average came from new customers. Customers who transact less feel satisfaction because the conditions or transaction processes were still not known. Lack of notification or information that exists makes customers uninformed ongoing procedures. Complaints that occur will affect the opinion, but with the new customers who come to transact then the influence is not too high. Customers who want to file a complaint come directly to the place of complaint, so there is no convoluted process to make the complaint.

Customer satisfaction is the satisfaction for the company, because then it will look much better in serving customers who come.

d. Customer Profitability

The profitability of a customer is done by comparing the profits of the company earns with the number of customers. The calculations are as follows:

**Table 4.12 Customer Profitability PT. Adira Insurance
(2014-2016)**

Year	Net Profit	Number of Customer	Customer Profitability
2014	499.055.000.000	37.434	13.331.596,94
2015	542.487.000.000	36.022	15.059.880,07
2016	531.903.000.000	30.288	17.561.509,50

Source: Internal data of PT. Adira Insurance that has been processed by researcher,2016.

Based on the above table, it is known that the level of profitability of PT. Adira Insurance from 2014 to 2016 always increases. In 2014, profit after tax owned by PT. Adira Insurance was Rp 499.055.000.000 with the number of customers as much as 37,434 people, so that the value of Customer Profitability was Rp 13.331.596,94. In 2015, net profit after tax was Rp 542.487.000.000 with the number of subscribers as much as 36,022, so that the value of Customer Profitability achieved by the company in 2015 was Rp. 15.059.880.07. In 2016, net profit after tax was Rp 531,903,000,000 with a total of 30,288 subscribers, so that the value of Customer Profitability achieved by the company in 2016 was Rp 17,561 509,50 this indicates that customer profitability performance is better year by year.

4.3.3 Internal and Business Process Perspective

Based on the calculation of Administrative Expense to Total Revenue (AETR) PT. Adira Insurance in 2014 - 2016 that has been processed, it will be presented table 4:13. The details results of the calculation are as follows:

Table 4.13 Administrative Expense to Total Revenue**PT. Adira Insurance****(2014-2016)**

Year	Administrative Expense	Revenue	AETR (%)
2014	1.442.048.000.000	1.941.103.000.000	74,29%
2015	1.633.404.000.000	2.175.891.000.000	75,06%
2016	1.641.666.000.000	2.173.569.000.000	75,52%

Source: Internal data of PT. Adira Insurance that has been processed by researcher, 2016.

Table 4.13 is the result of AETR PT. Adira Insurance from 2014 until 2016, which is increasing from year to year. The 2014 AETR was 74.29%. This indicates that every Rp 1 of total income in use, PT. Adira Insurance is able to finance Rp 0.7429 from administrative expense or also show that PT. Adira Insurance is able to finance administrative expenses by 74.29% of total revenue.

In 2015, the company gained 75.06%. It indicates that 75.06% of every Rp 1 of the total income in use PT. Adira Insurance can finance Rp 0.7506 the administrative burden or can also show that PT. Adira Insurance is able to finance administrative expenses of 75.06% of total revenue. In 2016, it also increased by 0.46% (from 75.06% in 2015 to 75.52% in 2016). This result indicates that every Rp 1 of total income used, PT. Adira Insurance is able to finance Rp 0.7552 from administrative expense or can also show that PT. Adira Insurance is able to finance the administrative expense of 75.52%.

The year-to-year increase is due to the fact that there is an increase also from the administrative burden that directly affects the income of the

company. These results show that the company is good enough in the management of service quality that is given to customers, because from 2014 to 2016, PT. Adira Insurance AETR percentage increases by year. The higher AETR will be able to increase the effectiveness and timing of transaction process conducted by the company.

4.3.4 Learning and Growth Perspective

The measurement of perspective performance in the last Balanced Scorecard is the growth and learning perspective. Indicators in the perspective of growth and learning, among others:

a. Employee Retention

Employee retention rates are measured through employee turnover presentations. This measurement aims to retain potential employees who are owned by the company to remain loyal to PT. Adira Insurance. The calculations are as follows:

**Table 4.14 Employee Retention of PT. Adira Insurance
(2014-2016)**

Year	Number of Resigned Employees (Person)	Total Employee (Person)	Employee Retention (%)
2014	69	433	15,93 %
2015	61	452	13,49 %
2016	54	459	11,76 %

Source: Internal data of PT. Adira Insurance that has been processed by researcher, 2016.

From table 4.14 above, it can be seen that the percentage of employee retention from year to year decreases. This indicates that employee retention index 2014 to 2016 is getting better.

In 2014, the total employee owned was 433 with the value of Employee Retention reached 15.93%. By 2015, the total employee was 452 people with an Employee Retention score at 13.49%. In 2016, the total employees was 459 people with the value of Employee Retention owned by 11.76%.

2014 to 2015 decreased by 2.44% from 15.93% to 13.49% and in 2015 to 2016 also decreased by 1.73% from 13.49% to 11.76%. The decrease in employee retention indicators indicated that the employee turnover rate is getting better.

b. Employee Productivity

It is used to measure the productivity of employees within a certain period. The higher the level of employee productivity, the higher the output produced by each employee. The calculations are as follows:

**Table 4.15 Employee Productivity of PT. Adira Insurance
(2014-2016)**

Year	Revenue	Total Employee (person)	Employee Productivity
2014	1.941.103.000.000	433	4.482.916.859,12
2015	2.175.891.000.000	452	4.813.918.141,59
2016	2.173.569.000.000	459	4.735.444.444,44

Source: Internal data of PT. Adira Insurance that has been processed by researcher, 2016.

From the above table, in 2014, employee productivity PT.Adira Insurance was Rp. 4.482.916.859,12. It means that the average of one employee of PT. Adira Insurance can generate revenue at Rp. 4,482,916,859.12 for one year. In 2015, this number increased; the average income generated by employees was Rp. 4.813.918.141,59. It means that it increased by Rp. 331,001,282.47 for employee productivity PT.Adira Insurance. In 2016, there was a decrease of Rp. 78,473,697.15 from 2015, meaning that the average productivity of PT.Adira Insurance employees is Rp. 4,735,444,444.44.

From this data, it can be seen that the productivity of employees from year to year is fluctuating, so that the contribution generated by employees in the form of income for PT. Adira Insurance is not good. PT. Adira Insurance should be able to increase the productivity of its employees so that the results obtained by the company increase, and the revenue earned by the company also increases each year. Increasing earnings of the company will make the productivity of employees to be better, because if each employee can generate large amounts of income, it will increase the amount of profit coming into the company. High employee productivity can also leverage the company success in conducting transaction process.

4.4 Results and Analysis of Performance Measurement of PT. Adira Insurance using Balance Scorecard

The balance scorecard is to measure equally between one perspectives with another perspective using the benchmarks of each perspective. According to Mulyadi (2001), the criteria to be achieved are balanced in all perspectives. Scores

in the table of balance criteria are standard scores, if the performance of all aspects of the firm is "good". Scores are given based on the following rating scale:

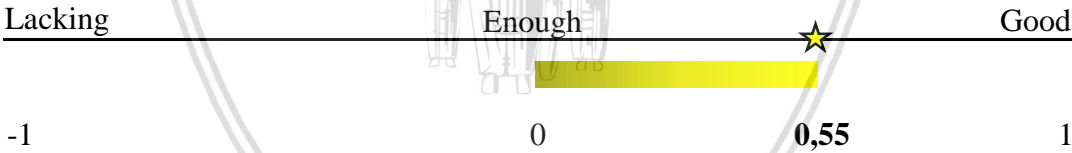
Table 4.6 Performance assessment range

Score	Value
-1	Lacking
0	Enough
1	Good

Source: Mulyadi, 2001.

Total score of PT.Adira Insurance score is 6 of 11 performance measures. Thus, the average score is $= 6/11 = 0.55$. After the average score obtained, the next step is to scale to assess the total score, so the performance of PT. Adria Insurance can be said to be "lacking", "enough", and "good". By using the scale, it can be seen the performance of PT. Adira Insurance :

Figure 4.1 Performance Scale



Source: Mulyadi, 2001.

After making the scale, next is to define the boundaries of areas "lacking", "enough", and "good". So here is the scale:

- 1	-	0	lacking
> 0	-	0,60	enough
> 0,80	-	1,00	Good

Thus, the overall performance measurement results from PT. Adira Insurance is in enough areas, with a total score of 0.55. There are some weaknesses and the need for improvement. Finally, the use of the balanced scorecard concept is expected to accommodate the needs of corporate management, both from the financial and non-financial sectors.



Table 4.16 Table of Balanced Scorecard Measurement Result at PT. Adira Insurance 2014 – 2016

Perspective	Year			Criteria	Score	Notes
	2014	2015	2016			
Financial						
ROA	10,77%	11,06%	10,75%	Good	1	ROA ratio is said to be good because it exceeds the standard set by BI SE No.13 / 24 / DPNP dated October 25, 2011 which is ROA value > 1.5% stated "Very Healthy"
NPM	20,11%	19,58%	19,87%	Lacking	-1	The ratio of PMoS is said to be lacking, because its average value is 19.85% which does not meet the standards specified by Cashmere (2008: 208) of 20%
Current Ratio	1,39x	1,49x	1,61x	Lacking	-1	The ratio of Current Ratio is said to be lacking, because average value is 1.50x that does not meet the standards specified by Cashmere (2008: 208) of 2x stated "Good Enough"
BOPO	0,79	0,80	0,80	Good	1	BOPO ratio is said to be good because it exceeds the standard set by BI SE No.13 / 24 / DPNP dated October 25, 2011. The best standard of BOPO is less of or equal to 83%
Customer						
Customer Retention	98,86%	96,23%	84,08%	Lacking	-1	This is because the percentage of Customer Retention from year to year decreased.

Customer Acquisition	0,27%	3,77%	15,92%	Good	1	This is because the percentage of Customer Acquisition from year to year increased.
Customer Satisfaction	36,08%	32,18%	32,76%	Lacking	-1	This is because from year to year presentation complaint fluctuates, so in the years ahead indicates less stable
Customer Profitability	13.331.596,94	15.059.880,07	17.561.509,50	Good	1	This is in because year-to-year customer productivity always increases, so in the years ahead, the trend will rise.
Internal and Business Process						
AETR	74,29%	75,06%	75,52%	Good	1	AETR Ratio of PT. Adira Insurance is said to be good because it increases by year, which means that PT. Adira Insurance can control administrative costs and still provide good service.
Learning and Growth						
Employee Retention	15,93%	13,49%	11,76%	Good	1	Employee retention of PT. Adira Insurance is said to be good because by year, the retention rate decreases. The level of PT. Adira Insurance is increasingly able to retain its employees
Employee Productivity	4.482.916.859,1 2	4.813.918.141,5 9	4.735.444.444,4 4	Lacking	-1	This is because from year to year employee productivity fluctuated, so in the years ahead indicate less stable
TOTAL					6	



CHAPTER V

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

Balanced Scorecard as a tool of corporate performance measurement has an advantage in which the measurement and evaluation is done through 4 interrelated perspective, including the aspect of finance and non-finance. Based on the analysis of the results and discussion of performance measurement using the Balanced Scorecard method, it can be concluded as follows:

a. Financial Perspective

Measurements made to the financial perspective, within three years (2014-2016) resulted that PT. Adira Insurance is considered good. This perspective is measured using ROA, NPM, Current Ratio, and BOPO. Although within that period, there was an increase and decrease but it was not significant. Some indicators have also been able to meet the target set.

b. Customer Perspective

From a customer perspective, the company performance in 2014 and 2015 is considered good. This is reflected from the company ability to handle and resolve complaints from customers so that the number of customer complaints continued to decrease from 2014 and 2015, although it increased in 2016. Then, the percentage of Customer Retention is very high, indicating the success of the company to retain customers and shows customer's satisfaction and loyalty to the company. But the company performance in attracting new customers is still not good, as reflected from

the declining percentage of Customer Acquisition. However, the company performance from a customer perspective can still be categorized good because it does not negatively impact total sales.

c. Internal Business Process Perspective

In this perspective, the performance of the company shows that the company is good enough in managing the quality of service provided to the customers, because from 2014 to 2016 it increased the total revenue compared to the administrative burden. The Administrative Expense Total Revenue percentage from year to year also increases. The higher AETR will be able to improve efficiency and effectiveness as well as the timing of transaction process done by the company.

d. Learning and Growth Perspective

In the perspective of learning and growth, the company performance from 2014 to 2016 shows good and bad results. This good result is seen from the percentage rate of employee retention that continues to decline from year to year, because the number of employees resign every year decreases. It shows that the company has been able to maintain and provide working comfort for employees. Employee reductions due to non-extended employee contracts or resignations, transfer of employee pensions or even death. Furthermore, the employee productivity figures in 2014 and 2015 is quite good, Although it decreases in 2016, meaning that every employee still provides operating profit in the decreasing year for company.

5.2 Research Limitation

The researcher has done his best in conducting research and discussion of this study. The researcher realizes that there are limitations in this study:

1. The researchers has not been able to apply all the existing performance measurement indicators on the Balanced Scorecard (BSC). In addition to the predominant indicators of the BSC for manufacturing companies, especially in the internal business process perspective that can be formulated more than one indicator. The researcher also has limited knowledge to reengineer BSCs in the context of service companies such as Insurance, so that the completeness of the indicators used is limited to any existing perspective.
2. Information that the researcher get from the object of research (corporate management) contains still many deficiency associated with further analysis of the existing conditions, especially the cause of the increase and decrease items in the financial statements of PT. Insurance Adira. This limitation is caused by the inadequacy of the researcher, and also the limitation of information related to financial confidentiality.

5.3 Recommendation

Based on the results of research and conclusion above and to support the improvement of company performance in the future, there are some suggestions put forward as follow:

1. PT. Adira Insurance is expected to optimize its assets better to increase sales so as to obtain higher return on investment and profit. Returns can include increased profits, reduced expenses or increased brand awareness.

2. PT. Adira Insurance should consider implementing the Balanced Scorecard method in assessing the performance of the company, because the Balanced Scorecard method can give the overall performance picture of the company, so that the company can improve the performance of all the resources within the company and if there is a decrease from one of the company perspective, it can be immediately take steps to handle it.
3. The future researcher should make use of all the indicators on the BSC and adjust it with the type of service companies (such as this insurance) or companies who want to see its performance measurement more complete and in accordance with the type of company.
4. The future researcher should obtain more information on the condition of company performance so that the evaluation on the company performance using BSC will be better. Additional information can be obtain from company management, employees, policy makers, communities, competitors, related companies. It is needed to support the information available.
5. Researchers should further expand the object of research, and perform comparable performance of similar companies so that generalization ability is much better.

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